



Transforming lives

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2020 and 2019



LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lane Community College Foundation and Subsidiary
Eugene, Oregon

We have audited the accompanying consolidated financial statements of Lane Community College Foundation (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College Foundation and subsidiary as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Jones & Roth, P.C.
Eugene, Oregon
November 5, 2020

CONSOLIDATED FINANCIAL STATEMENTS

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 694,679	\$ 1,208,535
Prepaid expenses	1,511	6,994
Notes receivable, current portion	21,562	24,833
Interest receivable	4,295	9,135
Unconditional promises to give, current portion	129,389	708,025
Total current assets	851,436	1,957,522
Noncurrent assets		
Investments	18,693,121	18,383,318
Notes receivable, net of current portion	128,754	300,058
Unconditional promises to give, noncurrent, less allowance for uncollectible promises	126,791	246,860
Total noncurrent assets	18,948,666	18,930,236
Total assets	\$ 19,800,102	\$ 20,887,758

	<u>2020</u>	<u>2019</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 8,610	\$ 28,715
Deferred revenue	<u>40,500</u>	<u>115,912</u>
Total current liabilities	49,110	144,627
Noncurrent liabilities		
Obligations under split-interest agreements	<u>672,765</u>	<u>825,273</u>
Total liabilities	<u>721,875</u>	<u>969,900</u>
Net assets		
Without donor restrictions (see Note 15)	723,536	763,909
With donor restrictions	<u>18,354,691</u>	<u>19,153,949</u>
Total net assets	<u>19,078,227</u>	<u>19,917,858</u>
Total liabilities and net assets	<u>\$ 19,800,102</u>	<u>\$ 20,887,758</u>

The accompanying notes are an integral part of these consolidated statements.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Donations	\$ 242,747	\$ 856,305	\$ 1,099,052
Change in split-interest agreements	-	152,507	152,507
Net investment income	31,079	170,292	201,371
Net realized and unrealized gains	-	351,140	351,140
Special project income	109,701	1,865	111,566
In-kind administrative contributions by LCC	294,993	-	294,993
In-kind program contributions	11,154	43,574	54,728
Rent	-	-	-
Administrative fee income	349,681	-	349,681
Other program income	-	6,053	6,053
Gain on disposal of QALICB project	-	-	-
Net assets released from restrictions	<u>2,380,994</u>	<u>(2,380,994)</u>	<u>-</u>
 Total revenue and other support	 <u>3,420,349</u>	 <u>(799,258)</u>	 <u>2,621,091</u>
 Expenses			
Program services	2,122,602	-	2,122,602
Management and fundraising	<u>1,338,120</u>	<u>-</u>	<u>1,338,120</u>
 Total expenses	 <u>3,460,722</u>	 <u>-</u>	 <u>3,460,722</u>
 Change in net assets	 (40,373)	 (799,258)	 (839,631)
 Net assets, beginning of year	 <u>763,909</u>	 <u>19,153,949</u>	 <u>19,917,858</u>
 Net assets, end of year	 <u>\$ 723,536</u>	 <u>\$ 18,354,691</u>	 <u>\$ 19,078,227</u>

2019		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
\$ 291,467	\$ 1,529,715	\$ 1,821,182
-	15,170	15,170
38,089	232,518	270,607
-	729,908	729,908
133,176	2,036	135,212
284,521	-	284,521
11,878	44,263	56,141
911,804	-	911,804
317,732	-	317,732
-	21,332	21,332
2,246,779	-	2,246,779
<u>2,291,475</u>	<u>(2,291,475)</u>	<u>-</u>
<u>6,526,921</u>	<u>283,467</u>	<u>6,810,388</u>
3,358,128	-	3,358,128
<u>1,302,681</u>	<u>-</u>	<u>1,302,681</u>
<u>4,660,809</u>	<u>-</u>	<u>4,660,809</u>
1,866,112	283,467	2,149,579
<u>(1,102,203)</u>	<u>18,870,482</u>	<u>17,768,279</u>
<u>\$ 763,909</u>	<u>\$ 19,153,949</u>	<u>\$ 19,917,858</u>

The accompanying notes are an integral part of these consolidated statements.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (839,631)	\$ 2,149,579
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net realized and unrealized gains	(351,140)	(729,908)
(Gain) loss on disposal of QALICB project	101,458	(2,246,779)
Depreciation	-	352,905
Amortization of deferred financing costs	-	16,514
(Increase) decrease in:		
Prepaid expenses	5,483	3,959
Interest receivable	4,840	(2,610)
Unconditional promises to give	698,705	(39,919)
Increase (decrease) in:		
Accounts payable	(20,105)	(27,930)
Deferred revenue	(75,412)	(16,630)
Obligations under split-interest agreements	<u>(152,508)</u>	<u>(15,170)</u>
Net cash used by operating activities	<u>(628,310)</u>	<u>(555,989)</u>
Cash flows from investing activities		
Proceeds from sale of investments	9,214,252	7,171,093
Purchase of investments	(9,274,373)	(7,224,568)
Collection of principal on notes receivable	<u>174,575</u>	<u>23,889</u>
Net cash provided (used) by investing activities	<u>114,454</u>	<u>(29,586)</u>
Net decrease in cash and cash equivalents	(513,856)	(585,575)
Cash and cash equivalents, beginning of year	<u>1,208,535</u>	<u>1,794,110</u>
Cash and cash equivalents, end of year	<u>\$ 694,679</u>	<u>\$ 1,208,535</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ 248,324</u>
Supplemental disclosure of noncash investing transactions		
Total proceeds from disposition of fixed assets	\$ -	\$ 16,114,881
Transfer of fixed assets to Lane Community College	<u>-</u>	<u>(16,114,881)</u>
Total cash proceeds from disposition of fixed assets	<u>\$ -</u>	<u>\$ -</u>
Total payments of long-term debt	\$ -	\$ 18,264,119
Debt transferred/assumed by Lane Community College	<u>-</u>	<u>(18,264,119)</u>
Total cash paid - long-term debt	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated statements.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2020 and 2019

	2020				
	Program Services			Management and Fundraising	Total
	Lane Community College Foundation	Downtown Campus QALICB, LLC	Total Program Services		
Functional expenses					
Scholarships	\$ 1,008,463	\$ -	\$ 1,008,463	\$ -	\$ 1,008,463
Grants	30,793	-	30,793	-	30,793
Awards and stipends	8,150	-	8,150	-	8,150
Special project expense	-	-	-	110,270	110,270
Personnel expenses	80,702	-	80,702	369,157	449,859
Personnel expenses provided by LCC	-	-	-	294,993	294,993
Administrative fee expense	-	-	-	349,842	349,842
Other office expenses	-	5,542	5,542	133,147	138,689
Interest expense	-	-	-	-	-
Faculty support	373,025	-	373,025	-	373,025
Program support	149,199	-	149,199	-	149,199
Buildings and improvements support	308,598	-	308,598	-	308,598
Donated facilities	-	-	-	-	-
Other program expenses	13,098	-	13,098	-	13,098
Payments to grantors	-	-	-	80,711	80,711
Distribution of in-kind contributions	43,574	-	43,574	-	43,574
Loss on disposal of QALICB project	-	101,458	101,458	-	101,458
Depreciation	-	-	-	-	-
Total functional expenses	<u>\$ 2,015,602</u>	<u>\$ 107,000</u>	<u>\$ 2,122,602</u>	<u>\$ 1,338,120</u>	<u>\$ 3,460,722</u>

2019

Program Services				
Lane Community College Foundation	Downtown Campus QALICB, LLC	Total Program Services	Management and Fundraising	Total
\$ 945,865	\$ -	\$ 945,865	\$ -	\$ 945,865
25,329	-	25,329	-	25,329
16,495	-	16,495	-	16,495
-	-	-	110,297	110,297
83,725	-	83,725	363,884	447,609
-	-	-	284,521	284,521
-	-	-	317,887	317,887
-	82,550	82,550	133,968	216,518
-	248,324	248,324	-	248,324
205,275	-	205,275	-	205,275
328,041	-	328,041	-	328,041
276,701	-	276,701	-	276,701
-	710,765	710,765	-	710,765
37,890	-	37,890	-	37,890
-	-	-	92,124	92,124
44,263	-	44,263	-	44,263
-	-	-	-	-
-	352,905	352,905	-	352,905
<u>\$ 1,963,584</u>	<u>\$ 1,394,544</u>	<u>\$ 3,358,128</u>	<u>\$ 1,302,681</u>	<u>\$ 4,660,809</u>

The accompanying notes are an integral part of these consolidated statements.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Lane Community College Foundation (the Foundation) is a charitable corporation formed to encourage and involve the community in further developing educational opportunities by augmenting the facilities and functions of Lane Community College (LCC).

The Foundation receives support from the local community in the form of cash and other noncash contributions. These contributions are received from individuals, as well as from the business sector. Other sources of revenue periodically include special projects as determined by the Foundation's Board of Trustees.

Downtown Campus QALICB, LLC is wholly owned by the Foundation and was formed in April 2012 to acquire, develop, rehabilitate, own, and operate property that is used to support LCC. The activities of Downtown Campus QALICB, LLC concluded during the year ended June 30, 2020.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Foundation and those of its wholly owned subsidiary, Downtown Campus QALICB, LLC. Significant inter-company transactions and balances are eliminated in consolidation.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting.

Recent Accounting Standard Adopted

The Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities (Topic 958)* to clarify the scope and accounting guidance for contributions made and received. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. The Foundation adopted the new standard effective July 1, 2019, using a modified prospective approach in these consolidated financial statements. The adoption of ASU 2018-08 did not have a significant impact on the Foundation's consolidated financial statements. The Foundation elected to defer implementation of ASU 2014-09 pursuant to ASU 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* which delayed the effective date for the Foundation to July 1, 2020.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Foundation considers cash to be all highly liquid investments available for current use with an initial maturity of three months or less. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments.

Cash and cash equivalents are maintained at three financial institutions. The Foundation and its subsidiary have not experienced any losses on its cash and cash equivalents. The FDIC secures accounts in insured institutions up to \$250,000 per depositor. The NCUA secures accounts in insured institutions up to \$250,000 per depositor. At times, the balance of the Foundation and its subsidiary's accounts may exceed the federally insured limits. At June 30, 2020 and 2019, the Foundation and its subsidiary did not have any cash balances in excess of federally insured limits.

Concentrations of Receivables

Approximately 82 percent and 77 percent of the Foundation's receivables were due from three and four individuals or businesses as of June 30, 2020 and 2019, respectively.

Investments

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the consolidated statements of activities. Gains or losses are reported as increases or decreases in net assets without donor restrictions unless the donor places temporary or perpetual restrictions on the gains and losses. Investment income is also reported as an increase in net assets with or without donor restrictions, depending on the nature of the restrictions.

Investments consist of real property and funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and Agency obligations, corporate bonds, equity securities, mortgage-backed securities, money market accounts, and certificates of deposit.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated equipment is recorded at fair market value at the time the property is received. Expenses for maintenance and repairs are expensed, while renewals and improvements are capitalized. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method. Depreciation expense for the years ended June 30, 2020 and 2019, was \$-0- and \$352,905, respectively.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are primarily from the Lane County, Oregon area.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Obligations Under Split-interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at rates of 3.4 percent for the years ended June 30, 2020 and 2019, of the distributions to be made to the donor-designated beneficiaries. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value determined annually. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions in the consolidated statements of activities. The net revaluation of split-interest agreements as of June 30, 2020 and 2019, was \$152,507 and \$15,170, respectively.

Net Assets

Net assets of the Foundation consisted of the following:

Without donor restrictions – These net assets are available for general obligations of the Foundation.

With donor restrictions – These net assets are restricted by donors to be used for specific purposes or as perpetually restricted endowment funds.

Endowment Fund Policy

The Board of Trustees has established guidelines for the utilization of the Endowment Fund maintained to benefit the general purposes of the Foundation. The policy sets forth that the Foundation shall accept current and deferred gifts to the Endowment Fund. The Foundation's policy is to maintain the principal of the fund in perpetuity. The policy allows up to 4 percent of the endowments fair market value based on a 3-year rolling average balance, including interest earned, to be expended in a given fiscal year as determined by the Board of Trustees.

If an endowment's fair market value falls below the required minimum investment at the time the endowment was executed, the Foundation will not distribute any payout until the assets exceed that minimum. Any income not utilized in a given year may be retained for future use according to the endowment's established purpose or reinvested in the endowment's principal. The Foundation's Board of Trustees is responsible for determining the annual distribution percentage and the method of calculation as deemed to be in the best interest of the Endowment Fund.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Endowment Fund Policy, continued

Endowment Fund assets are pooled in the Foundation's Endowment Fund and managed by professional investment firms. The goal of the Endowment Fund is to maintain the principal with sufficient returns to both grow the Endowment Fund and meet the income requirements for annual distributions to support the Endowment Fund's established purpose such as providing annual scholarships. The Endowment Fund's investment strategy is a conservative growth model which includes stocks, bonds, mutual funds, real estate investment trust, and other assets.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Administrative Support

Donated administrative support received from LCC is recorded as revenue. This type of support is also recorded as an expense in the accompanying consolidated statements of activities. LCC provides for a portion of the Foundation's operating budget, including a percentage of salaries and related expenses.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. The Foundation allocates expense as the donated assets are used to the appropriate program or supporting service.

Functional Expenses

Expenses for the Foundation are summarized according to functional classifications of program services and support services. The Foundation's purpose is entirely fundraising; therefore, this amount is not separately stated in support services.

The Foundation allocates its expenses on a functional basis among its program services and support services. Expenses that can be identified with a specific program or support service are allocated directly to that program or support service according to their natural expenditure classification. Other expenses that are common to multiple functions are allocated amongst program and support services based on estimated personnel hours worked in each area.

Program Services – Costs that are identifiable with a program and are clearly described by that program.

Support Services – Management, general, and fundraising expenses.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Advertising Expenses

Advertising expenses are expensed when incurred. Advertising costs totaled \$6,467 and \$5,201 for the years ended June 30, 2020 and 2019, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles of the United States of America requires the Foundation to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a charitable organization exempt from payment of federal income taxes and Oregon excise taxes. All filing requirements of Internal Revenue Code (IRC) Section 501(c)(3) and Oregon Revised Statutes (ORS) 128.670 have been met. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(iv). The Foundation's information returns are generally subject to examination by taxing authorities for a period of three years after filing.

2. Investments

Substantially all of the Foundation's investments are held in a pooled account managed by a professional fund manager selected by the Board of Trustees. Investment management fees are recorded when incurred.

At June 30, the summary of investments was as follows:

	<u>2020</u>	<u>2019</u>
Money market/cash management accounts	\$ 369,008	\$ 334,664
Certificate of deposits	2,337,000	2,042,300
U.S. Government and Agency bonds and obligations	2,803,360	3,324,319
Equity securities	10,928,306	10,851,619
Corporate bonds	1,610,679	1,830,416
Other fixed income	<u>644,768</u>	<u>-</u>
Total investments	<u>\$ 18,693,121</u>	<u>\$ 18,383,318</u>

Donor restricted investment income has been reduced by investment expense of \$73,150 and \$71,697 for the years ended June 30, 2020 and 2019, respectively.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Investments, continued

At June 30, net realized and unrealized gains were as follows:

	<u>2020</u>	<u>2019</u>
Net realized gains	\$ 232,706	\$ 271,788
Net unrealized gains	<u>118,434</u>	<u>458,120</u>
	<u>\$ 351,140</u>	<u>\$ 729,908</u>

3. Notes Receivable

At June 30, notes receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Promissory note, HUD, interest at 4.89%, monthly payments of \$2,087 plus property taxes until 2025, secured by real estate.	\$ 101,076	\$ 122,111
Promissory note, individual, interest at 5.00%, monthly payments of \$852, due July 2045, secured by trust deed. Paid off in 2020.	-	150,591
Promissory note, individual, interest at 5.00%, monthly payments of \$455 plus property taxes, due March 2032, secured by trust deed.	<u>49,240</u>	<u>52,189</u>
	150,316	324,891
Current portion	<u>(21,562)</u>	<u>(24,833)</u>
Notes receivable, net of current portion	<u>\$ 128,754</u>	<u>\$ 300,058</u>

All notes receivable are considered fully collectible.

4. Unconditional Promises to Give

At June 30, unconditional promises to give consisted of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions	\$ 30,481	\$ 70,215
With donor restrictions (purpose restrictions)	235,019	874,288
With donor restrictions (perpetual restrictions)	1,432	63,408
Allowance for uncollectible promises to give	<u>(4,051)</u>	<u>(15,118)</u>
	262,881	992,793
Unamortized discount	<u>(6,701)</u>	<u>(37,908)</u>
Unconditional promises to give, net	<u>\$ 256,180</u>	<u>\$ 954,885</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Unconditional Promises to Give, continued

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 129,389	\$ 708,025
One to five years	<u>126,791</u>	<u>246,860</u>
	<u>\$ 256,180</u>	<u>\$ 954,885</u>

The unconditional promises to give unamortized discount has been discounted using rates of 1.46 and 2.62 percent for the years ended June 30, 2020 and 2019, respectively.

5. Notes Payable

In June 2019, LCC assumed \$18,710,000 in loans upon the disposal of QALICB, LLC.

Interest expense for the years ended June 30, 2020 and 2019, was \$-0- and \$248,324, respectively.

6. Net Assets with Donor Restrictions

Net assets with purpose or time restrictions at June 30, 2020 and 2019, in the amount of \$6,536,060 and \$7,602,715, respectively, consisted of tuition scholarships, student support, and other program services.

Net assets with perpetual restrictions at June 30, 2020 and 2019, in the amount of \$11,818,631 and \$11,551,234, respectively, consisted of endowment funds, which are permanently restricted as stipulated by the donors.

7. Endowment Fund

At June 30, the Endowment Fund consisted of the following:

	<u>2020</u>	<u>2019</u>
With donor restrictions:		
Purpose or time restrictions	\$ 2,126,999	\$ 2,424,950
Perpetual restrictions	<u>11,818,631</u>	<u>11,551,234</u>
Total Endowment Fund	<u>\$ 13,945,630</u>	<u>\$ 13,976,184</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Endowment Fund, continued

A summary of Endowment Fund activity was as follows:

	<u>2020</u>	<u>2019</u>
Balance, July 1	\$ <u>13,976,184</u>	\$ <u>13,581,589</u>
Contributions	<u>267,397</u>	<u>267,381</u>
Appropriated expenditures	<u>(790,815)</u>	<u>(748,828)</u>
Investment returns:		
Net unrealized gain on endowment	103,886	401,571
Net return on endowment investments	<u>388,978</u>	<u>474,471</u>
Investment returns	<u>492,864</u>	<u>876,042</u>
Balance, June 30	\$ <u><u>13,945,630</u></u>	\$ <u><u>13,976,184</u></u>

8. Special Projects

The Foundation sponsored special project events with the following income and expenses as of June 30:

	<u>2020</u>	<u>2019</u>
Project income	\$ 111,566	\$ 135,212
Project expenses	<u>(110,270)</u>	<u>(110,297)</u>
Special projects, net	<u>\$ 1,296</u>	<u>\$ 24,915</u>

9. In-kind Administrative Contributions by LCC

At June 30, in-kind administrative contributions by LCC consisted of the following:

	<u>2020</u>	<u>2019</u>
Personnel expenses provided by LCC	<u>\$ 294,993</u>	<u>\$ 284,521</u>

10. Split-interest Agreements

At June 30, total assets held under the split-interest agreements consisted of the following:

	<u>2020</u>	<u>2019</u>
Investments held under split-interest agreements	<u>\$ 1,367,031</u>	<u>\$ 1,705,701</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Net Assets Released from Restrictions

During 2020 and 2019, net assets in the amount of \$2,380,994 and \$2,291,475, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

12. Deferred Payment Charitable Gift Annuity Agreement

During 2005, the Foundation entered into an annuity agreement with a donor. The donor contributed \$10,168 in stock which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. Payments will begin no earlier than the 63rd year (year 2010) of the donor and no later than the 67th year (year 2014). These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	<u>2020</u>	<u>2019</u>
Gift amount	\$ 10,168	\$ 10,168
Realized and unrealized gains	1,777	2,574
Estimated annuity liability	<u>(7,884)</u>	<u>(8,242)</u>
Present value of charitable gift, net	<u>\$ 4,061</u>	<u>\$ 4,500</u>

During 2010, the Foundation entered into an annuity agreement with a donor. The donor contributed \$20,000 in cash which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	<u>2020</u>	<u>2019</u>
Gift amount	\$ 20,000	\$ 20,000
Realized and unrealized losses	(1,621)	(731)
Estimated annuity liability	<u>(8,633)</u>	<u>(9,101)</u>
Present value of charitable gift, net	<u>\$ 9,746</u>	<u>\$ 10,168</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the entity's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Fair Value Measurements, continued

Fair value of assets measured on a recurring basis at June 30, was as follows:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments	<u>\$ 18,693,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,693,121</u>
	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments	<u>\$ 18,383,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,383,318</u>

14. Downtown Campus QALICB, LLC

In April 2012, the Foundation created Downtown Campus QALICB, LLC, a wholly-owned subsidiary. Downtown Campus QALICB, LLC was organized to acquire, develop, rehabilitate, own, and operate real property.

Downtown Campus QALICB, LLC entered into a lease agreement with LCC to lease real property constructed by LCC under a capital lease, which was paid in full during 2012. The lease was for a term of 65 years and was financed with long-term debt. The lease agreement restricted the use of the property and states that Downtown Campus QALICB, LLC shall sublease the premises to LCC.

Downtown Campus QALICB, LLC entered into an operating lease agreement in June 2012 with LCC to lease the property to LCC commencing on July 1, 2012. The lease called for quarterly payments of \$50,260 during 2013 through June 2019, and \$215,304 for each quarter thereafter, increasing by 1.96 percent annually, ending June 30, 2045. Management cancelled the lease during 2019. For the years ended June 30, 2020 and 2019, rent income totaled \$-0- and \$911,804, respectively.

The rents paid by LCC to Downtown Campus QALICB, LLC were below market rate for the year ended June 30, 2019; therefore, donated facilities in the amount of \$710,765 have been recognized in the consolidated financial statements for the year then ended.

LCC agreed to assume the building and related debt in June 2019, and the related lease was cancelled. There was a consolidated loss of \$101,458 and gain of \$2,246,779 recorded on the transaction for the years ended June 30, 2020 and 2019, respectively.

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Downtown Campus QALICB, LLC, continued

As of June 30, the assets, liabilities, and member's capital of the subsidiary consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ -	\$ 107,000
Total assets	<u>\$ -</u>	<u>\$ 107,000</u>
Investment from the Foundation	\$ -	\$ 985,000
Members' capital	-	(878,000)
Total liabilities and member's capital	<u>\$ -</u>	<u>\$ 107,000</u>

For the year ended June 30, income from operations activity of the subsidiary consisted of the following:

	<u>2020</u>	<u>2019</u>
Revenue:		
Rent	\$ -	\$ 911,804
Expenses:		
Interest expense	-	248,324
Depreciation	-	352,905
Management fees	5,542	82,550
Donated facilities	-	710,765
Loss on QALICB disposal	<u>101,458</u>	<u>-</u>
Total expenses	<u>107,000</u>	<u>1,394,544</u>
Change in net assets	<u>\$ (107,000)</u>	<u>\$ (482,740)</u>

15. Net Assets Without Donor Restrictions

As of June 30, net assets without donor restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Lane Community College Foundation	\$ 723,536	\$ 656,909
Downtown Campus QALICB, LLC	<u>-</u>	<u>107,000</u>
Total net assets without donor restrictions	<u>\$ 723,536</u>	<u>\$ 763,909</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Liquidity and Availability of Resources

The Foundation has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2020 and 2019, the Foundation's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 354,933	\$ 379,180
Receivables	34,273	78,297
Investments	<u>368,234</u>	<u>341,287</u>
	757,440	798,764
Less: Board designated funds	<u>-</u>	<u>-</u>
Financial assets available for general expenditure	<u>\$ 757,440</u>	<u>\$ 798,764</u>

17. Economic Uncertainties

The Foundation was able to hold its primary fundraising event during the year ended June 30, 2020. As a result of the COVID-19 coronavirus pandemic, the Foundation has decided to hold this event virtually in Fall 2020. The event is typically a significant source of revenue for the Foundation. As of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continuing uncertainties could negatively impact the Foundation's future financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

18. Subsequent Events

Management evaluates events and transactions that occur after the consolidated statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SUPPLEMENTARY INFORMATION

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020			
	Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 694,679	\$ -	\$ -	\$ 694,679
Prepaid expenses	1,511	-	-	1,511
Note receivable, current portion	21,562	-	-	21,562
Interest receivable	4,295	-	-	4,295
Unconditional promises to give, current portion	129,389	-	-	129,389
	<u>851,436</u>	<u>-</u>	<u>-</u>	<u>851,436</u>
Total current assets				
Noncurrent assets				
Investments	18,693,121	-	-	18,693,121
Notes receivable, net of current portion	128,754	-	-	128,754
Unconditional promises to give, noncurrent, less allowance for uncollectible promises	126,791	-	-	126,791
Investment in Downtown Campus QALICB LLC	-	-	-	-
	<u>18,948,666</u>	<u>-</u>	<u>-</u>	<u>18,948,666</u>
Total noncurrent assets				
Total assets	<u>\$ 19,800,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,800,102</u>

2019

Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
\$ 1,101,535	\$ 107,000	\$ -	\$ 1,208,535
6,994	-	-	6,994
24,833	-	-	24,833
9,135	-	-	9,135
<u>708,025</u>	<u>-</u>	<u>-</u>	<u>708,025</u>
<u>1,850,522</u>	<u>107,000</u>	<u>-</u>	<u>1,957,522</u>
18,383,318	-	-	18,383,318
300,058	-	-	300,058
246,860	-	-	246,860
<u>985,000</u>	<u>-</u>	<u>(985,000)</u>	<u>-</u>
<u>19,915,236</u>	<u>-</u>	<u>(985,000)</u>	<u>18,930,236</u>
<u>\$ 21,765,758</u>	<u>\$ 107,000</u>	<u>\$ (985,000)</u>	<u>\$ 20,887,758</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION, Continued
June 30, 2020 and 2019

	2020			
	Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
Liabilities and Net Assets				
Current liabilities				
Accounts payable	\$ 8,610	\$ -	\$ -	\$ 8,610
Deferred revenue	40,500	-	-	40,500
	49,110	-	-	49,110
Noncurrent liabilities				
Obligations under split-interest agreements	672,765	-	-	672,765
	721,875	-	-	721,875
Net assets				
Without donor restrictions (see Note 15)	723,536	-	-	723,536
With donor restrictions	18,354,691	-	-	18,354,691
	19,078,227	-	-	19,078,227
Total liabilities and net assets	\$ 19,800,102	\$ -	\$ -	\$ 19,800,102

2019

Lane Community College Foundation	Downtown Campus QALICB LLC	Eliminations	Total
\$ 28,715	\$ -	\$ -	\$ 28,715
<u>115,912</u>	<u>-</u>	<u>-</u>	<u>115,912</u>
144,627	-	-	144,627
<u>825,273</u>	<u>-</u>	<u>-</u>	<u>825,273</u>
<u>969,900</u>	<u>-</u>	<u>-</u>	<u>969,900</u>
1,641,909	107,000	(985,000)	763,909
<u>19,153,949</u>	<u>-</u>	<u>-</u>	<u>19,153,949</u>
<u>20,795,858</u>	<u>107,000</u>	<u>(985,000)</u>	<u>19,917,858</u>
<u>\$ 21,765,758</u>	<u>\$ 107,000</u>	<u>\$ (985,000)</u>	<u>\$ 20,887,758</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2020

	Lane Community College Foundation			Downtown Campus QALICB, LLC		
	Without Donor	With Donor	Total	Without Donor	Eliminations	Total
	Restrictions	Restrictions		Restrictions		
Revenue and other support						
Donations	\$ 242,747	\$ 856,305	\$ 1,099,052	\$ -	\$ -	\$ 1,099,052
Change in split-interest agreements	-	152,507	152,507	-	-	152,507
Net investment income	31,079	170,292	201,371	-	-	201,371
Net realized and unrealized gains	-	351,140	351,140	-	-	351,140
Special project income	109,701	1,865	111,566	-	-	111,566
In-kind administrative contributions by LCC	294,993	-	294,993	-	-	294,993
In-kind program contributions	11,154	43,574	54,728	-	-	54,728
Administrative fee income	349,681	-	349,681	-	-	349,681
Other program income	-	6,053	6,053	-	-	6,053
Net assets released from restrictions	2,380,994	(2,380,994)	-	-	-	-
 Total revenue and other support	 <u>3,420,349</u>	 <u>(799,258)</u>	 <u>2,621,091</u>	 <u>-</u>	 <u>-</u>	 <u>2,621,091</u>
Expenses						
Program services	3,000,602	-	3,000,602	107,000	(985,000)	2,122,602
Management and fundraising	1,338,120	-	1,338,120	-	-	1,338,120
 Total expenses	 <u>4,338,722</u>	 <u>-</u>	 <u>4,338,722</u>	 <u>107,000</u>	 <u>(985,000)</u>	 <u>3,460,722</u>
Change in net assets	(918,373)	(799,258)	(1,717,631)	(107,000)	985,000	(839,631)
Net assets, beginning of year	1,641,909	19,153,949	20,795,858	107,000	(985,000)	19,917,858
Net assets, end of year	<u>\$ 723,536</u>	<u>\$ 18,354,691</u>	<u>\$ 19,078,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,078,227</u>

LANE COMMUNITY COLLEGE FOUNDATION AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>Lane Community College Foundation</u>			<u>Downtown Campus QALICB, LLC</u>		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>Eliminations</u>	
Revenue and other support						
Donations	\$ 291,467	\$ 1,529,715	\$ 1,821,182	\$ -	\$ -	\$ 1,821,182
Change in split-interest agreements	-	15,170	15,170	-	-	15,170
Net investment income	38,089	232,518	270,607	-	-	270,607
Net realized and unrealized gains	-	729,908	729,908	-	-	729,908
Special project income	133,176	2,036	135,212	-	-	135,212
In-kind administrative contributions by LCC	284,521	-	284,521	-	-	284,521
In-kind program contributions	11,878	44,263	56,141	-	-	56,141
Rent	-	-	-	911,804	-	911,804
Administrative fee income	317,732	-	317,732	-	-	317,732
Other program income	-	21,332	21,332	-	-	21,332
Gain on disposal of QALICB project	-	-	-	2,246,779	-	2,246,779
Net assets released from restrictions	<u>2,291,475</u>	<u>(2,291,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 <u>3,368,338</u>	 <u>283,467</u>	 <u>3,651,805</u>	 <u>3,158,583</u>	 <u>-</u>	 <u>6,810,388</u>
 Expenses						
Program services	1,963,584	-	1,963,584	1,394,544	-	3,358,128
Management and fundraising	<u>1,302,681</u>	<u>-</u>	<u>1,302,681</u>	<u>-</u>	<u>-</u>	<u>1,302,681</u>
 Total expenses	 <u>3,266,265</u>	 <u>-</u>	 <u>3,266,265</u>	 <u>1,394,544</u>	 <u>-</u>	 <u>4,660,809</u>
 Change in net assets	 102,073	 283,467	 385,540	 1,764,039	 -	 2,149,579
 Net assets, beginning of year	 <u>1,539,836</u>	 <u>18,870,482</u>	 <u>20,410,318</u>	 <u>(1,657,039)</u>	 <u>(985,000)</u>	 <u>17,768,279</u>
 Net assets, end of year	 <u>\$ 1,641,909</u>	 <u>\$ 19,153,949</u>	 <u>\$ 20,795,858</u>	 <u>\$ 107,000</u>	 <u>\$ (985,000)</u>	 <u>\$ 19,917,858</u>